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# AGRICULTURAL COOPERATION

LEGAL, ECONOMIC, AND ORGANIZATION INFORMATION COLLECTED BY THE BUREAU OF AGRICULTURAL ECONOMICS,  
UNITED STATES DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.

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January 18, 1926.

Vol. IV, No. 2.

## CHALLENGE ERECTING NEW DISTRIBUTING PLANT

A new distributing plant for the Challenge Cream and Butter Association is being erected in Los Angeles. The building will be two stories high, of concrete construction, and will occupy a lot 100 by 230 feet. This association, which is a sales agency serving eleven cooperative creamery associations with a membership of 15,000 dairy farmers, started business with a single one-horse rig. To-day its sales of dairy products, including cream, whole milk, cheese, butter and eggs, amount to about \$10,000,000 annually. The association also distributes butter in San Diego and San Francisco.

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## MINNESOTA CREAMERIES' SALES OVER FORTY MILLIONS

A preliminary report from the Minnesota Cooperative Creameries Association, Inc., St. Paul, for the year 1925, indicates total sales of approximately \$40,000,000. Over 80,000,000 pounds of butter was handled during the year by the association for its 450 member units with their 73,000 dairy farmers as patrons.

Metal signs reading "This farm delivers Land O'Lakes quality sweet cream," are being furnished to dairy farmers who meet the twelve requirements necessary for producing cream for use in the manufacture of Land O'Lakes butter. It is expected that the signs will be placed so that they can be easily read from the highway.

It is announced by the management of the association that only a few creameries exercised the privilege of serving notice preparatory to cancelling their contracts during the withdrawal period which was the month of November. Of those which did take action in favor of withdrawing from the federation, a number requested to be reinstated before the withdrawals became effective on January 1. It is stated that the local units withdrawing were in most cases operating creameries which were not producing butter of the Land O'Lakes quality.

### DAIRYMEN'S LEAGUE PURCHASES ANOTHER CITY BUSINESS

Announcement was made on January 2 of the purchase by the Dairymen's League Cooperative Association, Inc., New York City, of the Standard Dairy Company with seven country receiving stations and a whole-sale bottle and milk trade located in the East Side section of New York City. It is stated that this new city business will fit in very profitably with the business already being handled through the League's big plant at 19th street. This makes the fifth established milk business in New York City purchased by the League within the past two year.

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### UNITED DAIRYMEN COOPERATIVE REPORTS BIG SALES

Quantity of cheese handled by the United Dairymen Cooperative, Ltd., Petersboro, Ont., in 1925, showed an increase of 281 per cent over the business conducted in 1920, the first year of operation. Selling cheese for factories is the main line of work. Butter and supplies are also handled in considerable quantities. When first organized in the spring of 1920, 13 factories supplied cheese for the first sale. In 1925 the number of factories selling through the cooperative agency was approximately 140. The secretary reports that the number of factories varies constantly. "Some factories ship a few months and then stop. New ones Commence shipping. Some ship, stop, and resume. The number, however, is increasing year by year."

A summary sales of cheese, butter and supplies, for each of the six years of operation, is shown in the following table:

Year :	Cheese		:	Butter		:	Supplies :	Total sales
:	Boxes	Value	:	Boxes	Value	:	:	:
1920 :	43,602	\$1,607,344	:	948	\$28,487	:	----	\$1,635,831
1921 :	100,733	1,533,505	:	993	19,194	:	\$ 232	1,557,931
1922 :	92,228	1,282,721	:	374	6,630	:	9,046	1,299,397
1923 :	96,294	1,606,109	:	395	7,218	:	3,716	1,617,043
1924 :	141,944	2,025,597	:	2,113	33,609	:	4,434	2,063,640
1925 :	166,163	3,208,426	:	1,329	23,565	:	4,001	3,235,992

Sales of cheese in 1925 were 17 per cent greater in volume than in 1924, while the increase in value was 53 per cent.

It is stated that two-thirds of the cheese produced in Canada is made in the Province of Ontario and that the United Dairymen Cooperative is the largest selling agency in the province. Montreal and Toronto are the chief markets.

### GROWTH OF A PRICE-BARGAIN MILK ASSOCIATION

One hundred seventy-five contact locals are now included in the membership of the Inter-State Milk Producers' Association, Philadelphia, Pa., according to the annual report of the secretary for the eleven months ending October 31, 1925. This is an increase of one local during the period. The number of stockholders is now 19,830, a net gain of 803 in the eleven months. The growth during the past six years is shown by the following table:

Year	: Number of stock- holders	: Increase in year	: Number of locals
1919	: 10,533	:	: 186
1920	: 12,533	: 2,000	: 217
1921	: 14,697	: 2,159	: 244
1922	: 15,427	: 732	: 251
1923	: 17,680	: 2,531	: 264
1924	: 19,022	: 1,342	: 274
1925	: 19,830	: 808	: 275

During the past year a new system of records has been installed and a card catalogue now shows the operations of each member, the basic quantity of milk produced, the monthly shipments, the amount of commissions paid, and tests of each member's milk made by the association's testers.

The report of the field and testing department shows that the nine regular men on the staff have visited 162 plants during the year and have tested 63,058 samples of milk. This department plans to make at least eight regular Babcock test investigations during a year at each of the cooperating plants, and with few exceptions has done so. Many meetings of producers have been attended by the field men and more than four thousands calls have been made on farms in connection with the work. As result of this work there is a constant improvement in testing conditions throughout the territory. There are more perfect scores, fewer errors in testing, fewer defective scales, and a decreasing number of bad samples.

The financial statement shows capital and surplus amounting to \$44,274 on October 31. The total income for the eleven months was \$89,892, compared with \$76,764 for the same period the preceding year. Operating expenses were \$77,543. The largest item of expenses was \$22,616 for testing. Net profit for the eleven months was \$11,749, compared with \$6,133 for the eleven months ending October 31, 1924.



### BUTTER-MAKING ASSOCIATIONS PLAN TO FEDERATE

Meetings of delegates representing the butter factories in New South Wales are being held to consider the federation of the locals "into one large group for the purpose of obtaining control of the industry, both in producing and selling." Non-cooperative associations are being urged to reorganize under an act which would bring them into the cooperative class and facilitate the process of federating.

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### EQUITY CREAMERIES HAVE CHICAGO SALES AGENCY

Butter from the Equity-Union Creameries at Aberdeen, S. D., and Orleans, Nebr., is marketed by the Chicago Equity-Union Exchange, Chicago. The Equity-Union Creamery at Aberdeen is the oldest of the three enterprises, having operated ten years. A report for the year ending November 30, 1925, shows net earnings amounting to \$64,330. This will enable the association to pay a patronage dividend of 4 cents per pound, besides the regular 5 per cent on capital stock. A liberal discount was made for depreciation before paying dividends. The sum of \$10,036 was carried to the reserve, bringing the total up to \$33,694. Paid-up share capital amounts to \$102,630.

Butterfat purchased from members during the year was 1,229,487 pounds, and from non-members, 249,416 pounds. This was a percentage of 83.1 from members and 16.9 from non-members, compared with 77.6 and 22.4 per cent the previous year. One million, eight hundred pounds of butter was manufactured in 1925, a gain for the year of 12 per cent. Ice cream manufactured reached a total of 61,831 gallons, compared with 33,037 gallons in 1924.

As a result of its 1925 operations the Orleans Equity-Union Creamery, Orleans, Nebr., reports over \$56,000 profits, or a 70 per cent income on the capital investment of \$80,000, while the amount of butterfat handled amounted to 1,762,103 pounds and butter made, 2,172,130 pounds. This was its ninth year of operation.

Seven years of successful operation of the Chicago Equity-Union Exchange closed on December 31. This is a service corporation which handles butter for the creameries and buys supplies. It charges the creameries the regular commissions they would have to pay any commission house for handling butter, and the savings above expenses are prorated to the creameries at the end of the year. Total income for the past year was \$20,548, of which \$19,883 was from commissions on butter and eggs, and \$212 from commissions on binder twine. Expenses amounted to \$14,432, leaving a net income of \$6,086 to be prorated to the creameries in accordance with amount of business transacted for each.

### MINNESOTA MILK PRODUCERS ATTEND TENTH ANNUAL MEETING

Over one-third of the 6,479 (September 30, 1925) members of the Twin City Milk Producers' Association attended the tenth annual meeting of the association which was held in Minneapolis, December 1, 1925. It was reported on that occasion that the business of the cooperative had increased materially during the fiscal year ending September 30. Total sales for the business year had been \$7,592,690 as compared with \$6,830,837 for the year ending September 30, 1924. Included in the items making up the total sales for the last year were, milk, \$4,064,133; cream, \$1,434,942; butter, \$1,128,261; cheese, \$330,770.

Among the gains in sales reported for the first nine months of 1925 as compared with the same period in 1924 are the following: sweetened whole condensed milk, 95 per cent; plain whole condensed milk, 74 per cent; sweetened skimmed condensed milk, 81 per cent; powdered milk, 90 per cent; sweet cream, 208 per cent.

The growth of the enterprise since 1918 is roughly indicated by the following figures representing the number of pounds of milk handled:

Year	:	Milk handled/a	:	Year	:	Milk handled	:
	:		:		:		:
	:	(Pounds)	:(Index):	:	:	(Pounds)	:(Index)
1918	:	69,866,247	: 100	::	1922	:	161,502,871 : 231
1919	:	88,217,181	: 126	::	1923	:	215,035,772 : 308
1920	:	97,303,379	: 139	::	1924	:	252,053,926 : 361
1921	:	147,031,313	: 210	::	1925/b:	:	276.000,000 : 395

/a 'Twin City Milk Producers' Bulletin, December, 1925, p. 17.

/b Including estimates for November and December.

The financial statement as at the close of business on September 30, shows assets of \$1,805,909, including real estate and equipment valued at \$642,530 after having been depreciated. Liabilities to other than members were but \$227,803 and the resources available for meeting these liabilities amounted to over \$1,578,100. The net worth on September 30, was given as \$923,717. It represented share capital outstanding, \$483,756; sinking fund and sinking fund interest, \$173,275; and operating reserve, \$266,685.

The association's physical equipment consists of fifteen plants, all within forty miles of the St. Paul office. In the same area there are over eighty competing creameries and cheese factories. In discussing competition, the management said: "We have built up our business not by monopolizing the supply but by giving a service which cannot be duplicated and by maintaining a reasonable price based on butter, cheese and other dairy products."

The president of the association in his annual address, called attention to the changed attitude respecting cooperation as compared with 1916 when the association was being formed. Then, business men, the press, and the machinery for dispensing justice, were against cooperation. "The officers of the association were indicted for the crime of trying to or-

ganize farmers to sell their products cooperatively and for two years had to report periodically to the court." To-day those who do not counsel together are considered "fit subjects for an asylum."

A plea was made by the secretary to adjust production to market demand. Larger quantities of milk are needed in the fall and smaller quantities in the spring and early summer.

A fleet of 290 trucks is required in the daily routine. One hundred seventy-one large trucks are used in hauling milk to the distributors plants, 104 trucks hauling to the association's plants and 15 trucks in equalizing the quantities of raw products between plants, that each may operate under as favorable conditions as possible.

Expenses of operation for the past business year totaled \$473,524. The largest group of items was that including labor, coal, etc., for the various plants. This was over \$184,000. Supplies including barrels, cheese boxes, butter tubs, wrappers, acid, sugar, etc., totaled \$95,414. Depreciation, maintenance, storage, hauling, taxes, royalties, etc., were \$92,034. Administrative expenses were, \$87,338 and advertising, auditing and liability insurance amounted to \$13,919.

A limited amount of buying of dairy equipment for members is conducted. Six thousand milk cans were among the items purchased.

It is one of the foundation stones of the general policy of the association to keep its members fully informed regarding all activities. The general manager has ruled that members be given the preference among his callers. A bulletin is issued monthly which carries to each member detailed information. Two field men are employed to keep in touch with members. Each has been assigned over 3,000 members. He is to visit them at their farms in addition to holding meetings for the promotion of better understandings.

For organization purposes the membership is grouped into 50 units each of which nominates a director for election at the annual meeting. The board of fifty directors which constitutes the governing body of the association meets quarterly. Between meetings it is represented by an executive committee of five which meets every Monday.

Producers are under a self renewing contract to the association, but with the privilege of canceling the contract during a specified period each year. Contracts have also been executed between the association and the distributors whom it supplies with milk.

At the organization meeting in 1916 a committee was appointed to develop a plan of stimulating the consumption of dairy products by the use of advertising. Much has been done in cooperation with other organizations also interested in an increased demand for milk. At first one cent a 100 pounds was appropriated for advertising but in 1923 this was increased to 2 cents.

A brief history of the organization has been included in the December issue of the Twin City Milk Producers' Bulletin, which consists of 40 pages, handsomely illustrated with views of the various plants and pictures of the association officers.



## SASKATCHEWAN ELEVATOR COMPANY COMPLETES FIFTEEN YEARS

The fifteenth annual meeting of the Saskatchewan Cooperative Elevator Company, Ltd., was held at Regina, Canada, December 16, 17 and 18, 1925. The three days were given over to a spirited discussion of various methods of marketing grain cooperatively, particularly the pool method, and whether or not the company should consider the selling of its four hundred fifty elevators to the Saskatchewan Cooperative Wheat Producers, Ltd., the wheat pool.

Two resolutions were adopted, one to the effect that a special meeting of the delegates representing the membership of the elevator company should be called within sixty days for further discussion, and the second that the directors of the elevator company should learn "the best possible terms" which the pool is prepared to give in the event that the offer to purchase the elevators is accepted.

In preparation for the annual meeting, the management of the elevator company had issued a "delegates handbook" of fifty-six pages giving the history of this cooperative enterprise from its conception in 1911, detailed information regarding its financial status, the report of its board of directors for the year ending July 31, 1925, a suggested order of business for the annual meeting, a review of the negotiations between the elevator companies (including the United Grain Growers, Ltd., Winnipeg) and the wheat pools, respecting purchase of elevators, a list of the locals, and a calendar of the important events in the life of the company since the passing of the special act in 1911 which created it. The handbook is illustrated with views of terminal elevators, also with halftone cuts of the members of the board of directors of the company.

According to the annual report, the company during its last business year handled 27,892,000 bushels of grain through the 433 country elevators which it operated. It handled through its commission and sales department, 30,175,000 bushels; through its terminal elevators, 32,275,000 bushels and through its export department, 29,108,041 bushels.

Of the grain handled through the country elevators, 57.8 per cent was purchased outright and 42.2 per cent was handled on a storage basis. The preceding year, 47.4 per cent was purchased and 52.6 per cent was stored. The average amount of grain handled per elevator was 64,415 bushels compared with 127,000 bushels for the preceding year.

The commission and sales department was organized in 1912 in accordance with a policy which contemplated the extension of the operations of the company "into all phases of the grain trade in order to return to the pockets of the producer any profits obtained in the handling of grain from the time it is delivered to the country elevator until it reaches the import markets of the world." During the last business year, the commission and sales department handled 98.4 per cent of the grain received at the association's country elevators.

Terminal elevator activities began in 1916 and on January 24, 1918, the first of the company's terminal elevators was opened for business.

These elevators have storage space for 15,100,000 bushels. On December 2, 1925, a transfer elevator at Buffalo, N. Y., with storage for 1,100,000 bushels began operating. (See Agricultural Cooperation, January 4, 1926, p. 5.) It also owns its own "hospital" elevator for the conditioning of grain.

Offices have been established by the export department in Winnipeg, New York, Vancouver, and London, the latter being opened in August of 1925. Exports of the 1924 grain credited to the several offices are as follows: Winnipeg, 12,870,657 bushels; New York, 14,785,484 bushels; Vancouver, 1,451,900 bushels.

During the year closing with July 31, 1925, the company built 12 new country elevators and rebuilt one destroyed by fire. It now owns 452 country elevators.

Net profits for the year were \$377,871 compared with \$475,534 for the 1923-24 year. About 51 per cent (\$191,730) of the net profits for the last year will be used in paying an 8 per cent cash dividend upon the 99,234 shares of stock outstanding. One half (\$93,070) of the remainder of the net profit goes to the elevator reserve and one-half to the general profit and loss account.

During the 1924-25 year, \$359,025 in the general reserve was converted into capital stock by the declaration of a stock dividend, as has been done in previous years.

On July 31, 1925, the paid-up share capital amounted to \$2,396,633 and the depreciated value of land, buildings and equipment was \$6,785,730. During the preceding twelve months the reserves were increased from \$2,234,463 to \$2,378,439 and the indebtedness to the Saskatchewan government was reduced from \$2,570,658 to \$2,466,800. The number of shareholders at the close of the 1924-25 year was approximately 28,000.

The books and accounts of the company are subject to a continuous audit under the supervision of the provincial auditor.

Shareholders are kept informed of the activities of the company by means of a field service department. It is reported that during the summer and fall of 1924 a "comprehensive canvass of the shareholders and other farmers was carried out at as many points as time and help permitted with the purpose of securing the business of as many of them as possible." Assistance was given in this work by the secretaries and directors of the locals. "The list of new patrons and amount of business directly resulting from the canvass as shown by a check-up of the service and of the contact established through it with the shareholders and patrons was gratifying."

A monthly publication, the Saskatchewan Cooperative News, is issued to shareholders and carries to them current information relative to the policies and programs of the management.

For other information regarding the Saskatchewan Cooperative Elevator Company, Ltd., see issues of Agricultural Cooperation as follows: Dec. 15, 1924, p. 419; Jan. 5, 1925, p. 11; June 8, 1925, p. 240; Sept. 14, 1925, p. 330; Jan. 4, 1926, p. 5.

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FRUIT ASSOCIATIONS FAVOR STANDARD TRADING RULES

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Forty-seven cooperative associations marketing fruits and vegetables have signified their intention of trying out the proposed standard trading rules, which have been drafted by the United States Department of Agriculture and published as Service and Regulatory Announcements No. 97.

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TO DIE OR NOT TO DIE IS QUESTION WITH GRAPE ASSOCIATION

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With a substantial sum in its treasury the California Grape Growers' Exchange, San Francisco, is closing up its affairs preparatory to discontinuing active business operations. This action is the result of indifference on the part of its member grape growers, and is in accordance with formal action by its board of directors and members attending a meeting held December 5, 1925.

A six months membership drive for 1,000 membership agreements covering the years 1926, 1927 and 1928 resulted in renewals by only 379 old members and new contracts from 211 non-members, or 410 fewer than the 1,000 minimum goal. As the agreements were not enforceable under the circumstances, the president of the exchange recommended that the business of the exchange be closed out and the accumulated money be divided among the members. Seventy-five members attended the December meeting, at which a resolution was adopted in line with the president's recommendations, except that it was decided to hold the resources of the exchange intact, after they had been converted into money, until such time as it was evident that it would be folly to undertake another membership drive. It was the feeling of the members at the meeting that should there be a change of attitude on the part of the grape growers, it would be far easier to revive the enterprise if there was a substantial sum available for field work.

The executive committee was directed to close up the business as rapidly as possible and to curtail expenses. It is proposed to hold the charter of the corporation so that the name of the organization may not be taken by others. The present board of directors is to continue indefinitely, also the present officers, but with no compensation. The present members will continue as members and subject to the call of the board of directors, in case an emergency arises requiring action on the part of the membership. However, for the coming season it is expected that each grape grower will be his own salesman.

In the opinion of the president the indifference on the part of the grape growers has resulted from the comparatively high prices paid for juice grapes during the past few years.

The exchange, which is a non-profit cooperative, has functioned for six years. The marketing contracts of its 600 members expired with the close of the 1924-25 selling season.



### AUSTRALIA CONSIDERING COOPERATIVE COTTIN GINS

The cotton advisory board, representing the organized cotton producers in the Queensland (Australia) Council of Agriculture, is making a study of the advisability of the producers taking over the cotton ginneries. Data are being collected as to cost of new gins and cost of reconstruction, also costs of operation under varying conditions.

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### ARKANSAS COTTON GROWERS MAKING HEAVY DELIVERIES

"Our payroll is less than it ever was before although we are handling more cotton than ever before in our history" is the statement made by the management of the Arkansas Cotton Growers' Cooperative Association, Little Rock. It is reported that the association has one-third less employees than two years ago and five less employees than one year ago. The payroll is 42 per cent less than two years ago and 15 per cent less than one year ago. At the same time it is handling more than twice as many bales of cotton as last year. In 66 counties as many or more bales of cotton have been delivered already this marketing year as during the entire 1924-25 season. In each of 26 counties the member growers have delivered over 1,000 bales.

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### FOURTH FINANCIAL STATEMENT ISSUED BY STAPLE COTTON GROWERS

Proceeds from cotton sales and inventory for the fourth year of operations of the Staple Cotton Cooperative Association, Greenwood, Miss., were \$17,788,646, according to a report by certified public accountants, recently published. A total of 124,546 bales was received from members during the business year ending August 31, 1925. All the cotton but five bales had been sold at the time of the accountants' audit. There was distributed to the grower members, \$16,775,661, which was 90.6 per cent of the sales. Among the deductions made from sales were: storage, \$151,902; insurance, \$64,560; interest, \$159,282; operating expense, \$157,268; reserve for contingencies, \$119,025.

The net worth of the association on August 31 was found by the auditors to be \$1,069,953. Of this total, \$690,932 was in the advance fund, for which advance-fund certificates have been issued to the members in accordance with deductions made. Six per cent interest is paid on the amount in the advance fund. The total of reserve for contingencies on August 31, was \$379,021. This reserve represents largely savings from the amounts deducted for operating expenses. Subsequent to August 31, a portion of this reserve was returned to the growers.



### ALBERTA LIVESTOCK MARKETING AGREEMENT NOW EFFECTIVE

Announcement was recently made that the marketing agreements of the Alberta Cooperative Livestock Producers, Ltd., were scheduled to become effective at all points where there was a local organization to arrange for making the shipments. Sales will be made through the United Livestock Growers, Ltd., a selling agency created to serve the provincial associations of Manitoba, Saskatchewan, and Alberta. (See Agricultural Cooperation, Jan. 4, 1926, p. 7.)

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### DIRECT SALES TO PACKERS REPORTED PROFITABLE

Shipments of livestock by the Fayette Producers' Company, Washington Court House, Ohio, reached a total of 1,210 decks in 1925, an increase of 29 per cent over the shipments of 1924. The most outstanding difference in the 1925 operations was the increased number of shipments direct to packers. A total of 694 decks went direct to packers, 57 per cent of the entire number, and 580 decks more than were shipped direct to packers in 1924. It is stated that figures show the direct shipments to be profitable and this line of work will be further developed in 1926.

Statistics regarding stock sold in the past five years are given in the following table prepared by the management of the association:

Year	: Number : of : Shippers	: Number : of : decks	: Market : weight	: Number : of : hogs	: Number : of : cattle	: Number : of : calves	: Number : of : sheep
			(pounds)				
1921	: 1,350	: 492	: 6,533,880	: 31,662	: 362	: 354	: 1,657
1922	: 2,326	: 670	: 9,241,035	: 42,662	: 896	: 1,059	: 2,666
1923	: 3,336	: 862	: 12,215,430	: 57,034	: 1,339	: 1,817	: 3,225
1924	: 4,143	: 936	: 13,490,055	: 62,116	: 1,546	: 2,343	: 4,060
1925	: 6,750	: 1,210	: 16,797,200	: 69,620	: 1,139	: 3,554	: 6,343

/a From October 27, 1920, to December 31, 1921.

A refund of 20 per cent of charges is being made to members who shipped through the association all animals of any one kind marketed from July 1 to December 31, 1925. Rebates for feed purchased collectively will be made during the latter part of the month.

The Fayette Producers' Company began operating the latter part of October, 1920. It serves practically the entire county and also handles some stock for farmers in neighboring counties. The association also buys feeds and other supplies for its members.

### INCREASE IN REPORTED TOBACCO SALES

By an accidental omission of three ciphers on page 10 of this circular for January 4, 1926, the quantity of tobacco sold by the Dark Tobacco Growers' Cooperative Association, Hopkinsville, Ky., was given as "30,000 pounds" where it should have been "30,000,000 pounds."

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### SASKATCHEWAN SEED GROWERS SELLING COOPERATIVELY

Organized in the fall of 1924 the Saskatchewan Registered Seed Growers' Cooperative Association, Ltd., handled through its cleaning warehouse, during the first year of operation, 22,154 bushels of wheat, 26,994 bushels of oats, 1,502 bushels of barley, 1,113 bushels of flax, 217,260 pounds of sweet clover, and smaller quantities of grass and alfalfa seed. A separate pool is conducted for each variety and grade of seed and the members are paid the average price for each seed pool less necessary expenses. More than 300 seed growers are included in the membership of the association.

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### ILLINOIS FARMERS CONTINUE TO MARKET WOOL COOPERATIVELY

Wool producers of 25 Illinois counties marketed their 1925 fleeces cooperatively with the assistance of the Illinois Agricultural Association. Three hundred fifty-two farmers marketed through two sales agencies, 82,909 pounds of wool. Approximately 81,000 pounds of wool were marketed through a wool commission company organized by northwestern producers and operating largely in Boston. Seven Illinois producers sold through a cooperative which is handling Ohio, Indiana and Michigan wools.

The quantities of Illinois wool marketed cooperatively during the past four years are as follows:

Year	:	Number of	:	Pounds of	:	Sales
	:	consignors	:	wool	:	
1922	:	---	:	147,000	:	\$58,800
1923	:	766	:	198,293	:	81,130
1924	:	419	:	93,637	:	40,203
1925	:	352	:	82,909	:	-----

QUEENSLAND PLAN OF AGRICULTURAL ORGANIZATION

The director of the Queensland Council of Agriculture, under date of September 17, 1925, issued a mimeographed circular of eleven pages entitled "The Queensland Plan of Agricultural Organization." The plan as described includes primary producers organized into local associations, the locals federated into district councils of agriculture, and the district councils federated into the Queensland Council of Agriculture. The plan also provides for compulsory cooperation, when a majority of the producers of a single crop may so decide. Primary producer cooperation is defined and its legal limitations set up in the "Primary Producers' Cooperative Association Act of 1923," a copy of which is on file in the cooperative source library of the U. S. Department of Agriculture. Twenty-three thousand producers have become identified with this cooperative movement and have formed local associations which have federated to form 19 district councils of agriculture. Among the primary associations are 29 cooperative dairy companies operating 46 plants for the manufacture of butter and 34 cooperative cheese companies operating 53 factories. Each district council elects one representative and the state government six representatives to the Queensland Council.

The chief standards laid down by the primary producers' act for agricultural cooperative enterprises are: (1) Two-thirds of the shares and of the voting power must always be held by bona fide producers; (2) the "one man, one vote" principle must prevail; (3) limitation of dividends on the theory that cooperative profits should be distributed as bonuses on business done.

Compulsory cooperation is based on the theory that the majority should rule and that it should not be possible for a minority to defeat the efforts of the majority. While cooperation is compulsory if a majority of the primary producers decide to market collectively, the conduct of the business is largely in the hands of the producers. There is provision for the creation on the part of the governor in council of a board of producers elected by the producers. Once a board has been created it is authorized to make arrangements for "organized marketing" including the pooling of products of like kind and grade. The government assists in the financing by guaranteeing overdrafts at the Commonwealth Bank.

There is a special registrar who gives attention to the requirements of the cooperative associations.

As the marketing of fruit is considered unusually difficult, special legislation entitled "the Fruit Marketing Organization Act," was passed in 1923. This provides for boards for the different kinds of fruit. These boards can "effect control at any state of the marketing process" according as they feel themselves "in a position to efficiently bring about improvement."



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EFFECTIVE MERCHANDISING

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The development of an effective merchandising program is one of the important problems which a cooperative organization must solve. Such a program demands that the product be sold to customers on a basis which will build up their confidence in the business integrity of the cooperative, and create a preference for the product. The extent to which this is done will determine, almost wholly, the degree to which premium prices can be obtained.

The Staple Cotton Cooperative Association, Greenwood, Miss., has made excellent progress in the solution of this problem. In a recent address, its general manager, Mr. W. M. Garrard, enumerated the following points which had been found necessary and especially advantageous in the development of an effective program: (1) rigid adherence to the advertised grades or types; (2) maintenance of a constant and intimate contact with consumers, and (3) absolute dependability of deliveries.

Demand for the products or brands of a particular organization may be stimulated by developing in the minds of the trade, a recognition of, and a preference for, its merchandise. Prices above the average can be obtained consistently only when such a trade preference exists, based on the honesty, uniformity and reliability of the product, and the reputation of the organization for business integrity. In maintaining this confidence, nothing can excel an honest grade or pack, honestly sold. Delivery of an article at variance with the description given at time of sale will undermine and eventually destroy trade confidence.

Frequently the seller must know his customer's needs better than does the customer. The big problem is to meet the needs of the buyer so accurately as to create confidence in the product and a belief that it is more desirable than the products of competitors. Only through an intimate and constant contact with customers can such results be obtained. Deliveries must be in exact accordance with representations at time of sale. Delay in deliveries will create an adverse opinion of the value of the sales agreement, as will any variation in grade or condition of the delivered product. In case of commodities which are raw material for manufacturing purposes, it is often as unsatisfactory to the customer to receive a grade better than that specified at time of sale, as to receive an inferior grade. In either case the buyer must change his plans or go to the trouble and expense of disposing of the unsatisfactory goods and securing a new supply."

Delivery of products in "crop lots" ungraded and unstandardized, has given employment to many a middleman, willing and competent to perform the standardizing service and to undertake the making of satisfactory deliveries. Cooperatives are in an especially advantageous position to improve the marketing of farm products through performing the service of standardization and the development of an effective merchandising program.

A. V. Swarthout



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### IOWA SUPREME COURT UPHOLDS MARKETING CONTRACT

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The Supreme Court of Iowa recently decided the case of the Clear Lake Cooperative Livestock Shippers' Association v. Weir, in which it upheld the right of the association to recover liquidated damages. This association was formed under a statute enacted in 1921 which provided that associations formed under it might provide for liquidated damages in their contracts.

In the case of Reeves v. Decrah Farmers' Cooperative Society, 160 Iowa, 194, and in Ludowese v. Farmers Cooperative Company, 164 Iowa, 197, the Supreme Court of Iowa held that cooperative associations could not recover the amounts fixed in their contracts or by-laws to be paid in the event of their breach. It would appear, therefore, that the instant case changes the rule of law in that state with respect to liquidated damages in so far, at least, as associations are concerned that are formed under the statute in question.

The defendant sold four veal calves of the aggregate weight of 600 pounds, and nineteen head of hogs of the aggregate weight of 6,810 pounds, outside of the association and it brought suit asking for liquidated damages on the basis of twenty-five cents per hundred pounds, or \$18.52, as provided for in its by-laws. The association won in the lower court and the defendant appealed.

The paragraph in question of the marketing contract reads as follows:

It is further expressly agreed, in consideration of the undertakings of the association and other similar agreements entered by members thereof and in view of the difficulty of ascertainment of damages caused by breach of this agreement, that in the event of the member failing to list and deliver his stock as provided herein, he shall pay to the association such sum or sums as may be provided by the by-laws for each hundred weight of livestock which he fails to list and deliver, which shall be considered as liquidated damages, and the manager is hereby authorized to deduct such damages from any moneys then or thereafter in his hands belonging to the member.

The defendant raised a number of technical defences. He claimed that the provision in the statute authorizing the inclusion of stipulations with respect to liquidated damages in the contracts of associations formed under it, was void because the constitution of the state provides that every act of the legislature

shall embrace but one subject, which shall be expressed in the title, and that inasmuch as nothing was said regarding liquidated damages in the title that this provision of the statute was void. The Supreme Court said regarding this provision that "it clearly harmonizes with the other provisions of the act and is in no sense foreign or extraneous thereto" and this point was, therefore, held to be without merit.!

The defendant also claimed that the liquidated damage section in the statute was void because it was not general in its application, but the Supreme Court pointed out that all persons were free to form cooperative associations under the statute and that by so doing the benefits of the section in question could be obtained. It was also urged by the defendant that this section was in conflict with a prior statute prohibiting pools and trusts, but the Supreme Court said that "if the latter act is repugnant to the prior statute and the two are wholly irreconcilable, then the former must, in the particulars involved, yield to the latter," and added that the statute in question "is as much a declaration of public policy as the earlier statute referring to pools and trusts."

It was also urged by the defendant that inasmuch as the contract of the association authorized the manager to deduct such damages as the association may have suffered by the breach of its contract, from any money in his hands belonging to the defendant, that this remedy was exclusive and that no action to recover damages could be maintained by the association, but the Supreme Court said that "it has been repeatedly held by this court that in order to make the remedy exclusive, the intention to do so must clearly appear" and held that the point was not well taken.

L. S. Hulbert.

#### CORPORATION RESPONSIBLE FOR ACTS OF OFFICERS

"A corporation selects its officers and places them in charge of the business. If one of them is unfaithful to his trust, and, while acting within the apparent scope of his authority, perpetrates a fraud on an innocent third party, the corporation is liable notwithstanding the fact that the officer was really acting for his own benefit and not for the benefit of the corporation." Engen v. Merchants and Manufacturers' State Bank (Minn.) 294 N. W. 963.

### COOPERATIVE INSTITUTE ANNOUNCED FOR SOUTH DAKOTA

A three-day institute for the "cooperative leaders of the state" is announced by the South Dakota State College, Brookings, to be held at Huron in February. This first institute will deal with cooperative matters in general. Tentative plans provide for four institutes to be held in different parts of the state next year.

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### COOPERATORS USING MOTION PISTURES

Motion pictures are being used by cooperatives in Illinois and Indiana to tell of their activities. A two reel film entitled "The Producers" pictures the work of the average livestock association, shows how livestock is handled from producer to packer, and tells the story of the operations of the National Livestock Producers' Association.

"Red Top Pool of Egypt" is the title of a film showing the activities of the Egyptian Seed Growers' Exchange, Flora, Ill. The use of warehouse receipts and the Intermediate Credit Bank in financing a cooperative marketing enterprise are pictured.

Cooperative buying is explained in a film prepared for the Indiana Farm Bureau Purchasing Department, Indianapolis, entitled "Cutting the Melon." The value of the work of the purchasing department is shown.

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### NATIONAL COOPERATIVE COUNCIL IN WASHINGTON

As these lines are being written, final arrangements are being made for the Fourth National Cooperative Marketing Confernce, in Washington, D. C. January 12, 13, 14 and 15. under the auspices of the National Council of Farmers' Cooperative Marketing Associations.

Among the speakers scheduled to appear on the program are the Hon. J. E. Brownlee, Premier of Alberta; Hon. W. M. Jardine, Secretary of Agriculture; Hon. R. W. Bingham, Chairman of National Council of Farmers' Cooperative Marketing Associations; Hon. Frank O. Lowden, ex-governor of Illinois; and V. R. Dharwarker, Superintendent for Cooperative Cotton Associations in India. The program provides for conferences on field service, educational work, production credit, and livestock marketing. One evening is to be given over to a Council banquet, and one evening to the banquet of the Co-op Press Club. A feature of the Press Club banquet will be the presentation of trophies to editors who have made noteworthy contributions to the cause of cooperation during the past year.



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### NEW BULLETIN DESCRIBES SYSTEM OF ACCOUNTING

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A new bulletin entitled "Systems of Accounting for Cooperative Warehouses," written by C. W. Wilson and M. J. Heisman, accountants, will soon be published by the Wisconsin State Department of Markets.

In this bulletin the authors present a uniform system of accounts for use in the combined buying and selling organizations known as farmers' warehouses. The system includes a "scientific classification of accounts for a warehouse, a trial balance, the adjusting entries to that trial balance, the pre-closing trial balance, the closing entries, the operating statement, and, finally, the financial statement."

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### DAIRYMEN'S LEAGUE CONDUCTS FIELD WORK BY RADIO

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Radio programs are being carried out by the management of the Dairymen's League Cooperative Association, Inc., New York City, this winter. These programs are given each Wednesday afternoon at 3:00 o'clock from station WJZ. Among the subjects being covered are; "Milk for Health," "The Community Side of Cooperative Marketing," "Consume More Milk," "Bridging the Gap," and "Looking into the Future." The speakers are officers or employees of the association.

The first program, which was given December 16, was under the leadership of Miss Vera McCrea, who discussed the subject, "Rural Women in Organization." Programs have been scheduled through March 3.

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### SUGGESTIONS FOR COMMUNITY ENTERTAINMENTS

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Two booklets issued by the field service of the North Carolina Cotton Growers' Cooperative Association, Raleigh, bear the titles, "The Community Club in North Carolina," and "A Community Pageant."

The first booklet is in two parts, the first section is to be used by the secretary in keeping a record of attendance at meetings; the second section is designed for the program committee and contains many valuable plans and hints, as well as a series of suggested programs for meetings.

A pageant which was given at Shelby, N. C., in the summer of 1925, by the Boilings Springs Community, is described in the second booklet with directions for production, lists of properties required, and suggestions for adaptation to any other community. The pageant is a combination of motion pictures, lantern slides, tableau scenes and music, and may be readily changed to suit local conditions.



SELECTED LIST OF CURRENT PUBLICATIONS AND ARTICLES

California Fruit Growers' Exchange. Annual report of the general manager for the year ending October 31, 1925. By E. G. Dezell. Los Angeles. 23 pp.

Saskatchewan Cooperative Elevator Company, Ltd. Delegates' handbook for the fifteenth general meeting. Regina, Sask. 56 pp., illus.

This handbook contains history of the company, financial statement and directors' report for business year ending July 31, 1925, also review of negotiations of the farmers' companies with the pools during the year and the elevator policies of the pools.

Twin City Milk Producers' Association. Annual-meeting number and history. Minneapolis. 40 pp., illus.

The December issue of the monthly bulletin is devoted to the annual meeting and history. Its pages are filled with descriptive, statistical and historical material. (See p. 27 of this issue.)

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A Canadian cooperative retails milk. In Hoard's Dairyman, January 1, 1926.

A historical and descriptive sketch of the Fraser Valley Milk Producers' Association, Vancouver, B. C., from an interview with its manager.

Chmielewski, Z., and W. Wilczewski. Agricultural cooperation in Poland. In International Review of Agricultural Economics, July-September, 1925.

A historical and descriptive article. (Reviewed in this circular, January 4, 1926.)

Cooperation and association. In International Review of Agricultural Economics, July-September, 1925.

Under this heading is a group of short articles dealing with various phases of the cooperative movement in Brazil, Denmark, Germany, Finland, Great Britain and Northern Ireland, Spain, and the United States.

Richardson, T. C. The cards are on the table. In Farm and Ranch, Dec. 19, 1925.

An illustrated article dealing with the history and activities of the Oklahoma Cotton Growers' Association.

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